

4 December 2018

DIVERSIFIED GAS & OIL PLC
("DGO" or the "Company")

Update regarding Decommissioning Activities;
Diversified completes a 15-year agreement with West Virginia Department of Environmental Protection

Diversified Gas & Oil PLC (AIM: DGOC), the US based gas and oil producer, is pleased to announce that it has entered into a 15-year, definitive agreement with West Virginia Department of Environmental Protection ("WV DEP") setting out the Company's well decommissioning obligations (the "Agreement") in West Virginia.

Following the acquisition of Core Appalachia Holding Co LLC announced on 11 October 2018, the Company owns and operates approximately 60,000 gas and oil wells throughout the Appalachian region, of which approximately 17,000 wells are located in the state of West Virginia.

Key terms of the Agreement include:

- DGO will complete by 30 June 2019 an assessment of the Company's gas and oil wells in West Virginia, with primary analysis of non-producing wells across the state.
- During calendar year 2019, DGO will plug 30 gas and oil wells.
- During calendar years from 2020 through until 2034, DGO will plug, return to production or otherwise dispose of not less than 50 gas and oil wells per annum, of which DGO will plug at least 20 non-productive gas and oil wells.
- For the duration of this 15-year agreement, DGO will post a \$3.0 million bond to the benefit of the state of West Virginia, which the state will release following DGO's fulfillment of the Agreement's terms.

Commenting on the Agreement, Chief Executive Rusty Hutson said: "We are pleased to finalize our agreement with West Virginia, which reflects the West Virginia Department of Environmental Protection team's diligent effort to develop an agreement that produces a fair and positive result for all parties. West Virginia has fostered a healthy environment for both Diversified and the natural gas industry. We are pleased to have a large portion of our company operating in West Virginia, and we are very proud that a significant number of our employees call West Virginia home."

2018 Decommissioning Activities Update

As affirmed with the Agreement, DGO remains committed to being a good steward of the environment within the states in which it operates. The Company has an existing multi-year agreement for plugging of non-producing wells in the state of Ohio and, building off the success of completing this agreement with West Virginia, is actively engaged in discussions with the states of Pennsylvania and Kentucky to complete similar long-term agreements for the benefit of all stakeholders. DGO develops its plugging programmes to comply with all state requirements, and is quickly building the scale of its plugging operations to demonstrate its commitment to decommissioning non-productive wells responsibly.

DGO recognizes that the cost of plugging activities can vary over time with variables such as the type and total depth of a well among those that can affect its cost to decommission. In turn, DGO is actively developing its plugging programmes to manage the work in a timely and cost effective manner while ensuring it and its third-party contractors perform quality work. The average well depth of DGO's current portfolio of ~60,000 wells is approximately 4,200 feet, and is made up of over 99% conventional assets.

Thus far in 2018, DGO has completed decommissioning of approximately 41 wells at an average cost of ~\$23,800 per well, comfortably in line with the averages previously stated by the Company. Accordingly, DGO budgets annually for the number of wells it expects to plug and continues to improve cost and operational efficiencies as the Company builds a growing body of decommissioning work. Similar to the efficiencies and cost synergies it realizes within its upstream operations, DGO expects further value realisations overtime within its plugging programmes.

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014.

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